

**OFFICE OF ENTERPRISE TECHNOLOGY SERVICES**

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ETS.HAWAII.GOV

Testimony of  
**DOUGLAS MURDOCK**  
Chief Information Officer  
Enterprise Technology Services

Before the

**HOUSE COMMITTEE ON LEGISLATIVE MANAGEMENT**  
Wednesday, February 13, 2019

**HOUSE BILL 1432**  
**RELATING TO THE BUDGET OF THE DEPARTMENT OF ACCOUNTING AND**  
**GENERAL SERVICES**

Dear Chair Cullen, Vice Chair Nakashima and members of the committee:

The Office of Enterprise Technology Services (ETS) supports this measure which is intended to appropriate the operating budget for the Department of Accounting and General Services. We submit comments as it pertains to the operating budgets for our program IDs AGS 130 and AGS 131.

We respectfully request that the operating budget appropriations listed in items K-20 and K-21 in HB No. 964 from the Governor’s Executive Budget be inserted in this bill. These figures include our current expenditures as appropriated in Act 53, SLH 2018 with collective bargaining adjustments as well as additional funding requests.

Below is the information in budget format.

ITEM NO.	PROGRAM	PROGRAM ID	EXPENDING AGENCY	FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
K 20	INFORMATION TECH & COMMUNICATION SVCS ENT TECH SVCS - GOVERNANCE & INNOVATION						
		AGS130					
	OPERATING			35.00 13.00		35.00 13.00	
			AGS	20,764,698 7.00	A	20,990,360 7.00	A
			AGS	1,469,669	B	1,469,669	B

AGS	3,000,000	U	3,000,000	U
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K ENT TECH SVCS-OPER & INFRASTRUCTURE  
 21 MNTNCE

AGS131

92.00			92.00	
15,050,939	A		15,050,939	A
1.00			1.00	
173,560	B		173,560	B
33.00			33.00	
3,312,584	U		3,312,584	U

We appreciate the inclusion of the new operating budget requests in AGS 130 for the following:

**Request for Special Fund ceiling increase.** This request increases the special fund ceiling for AGS 130 by \$150,000 each year for the Shared Services Technology Special Fund, which is necessary to address increasing fringe benefit costs. There is enough revenue in the fund to support the expenditure ceiling increase.

**Request for Cybersecurity Capability enhancements.** This request appropriates \$1,038,240 in FY 20 and \$1,263,902 in FY 21. Cyber security is the process of protecting and recovering networks, devices, and programs from any type of cyberattack. Cyberattacks are an evolving danger to organizations, employees, and consumers. They may be designed to access or destroy sensitive data or extort money. They can, in effect, destroy businesses and damage people’s financial and personal lives.

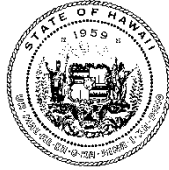
The best defense is a strong cyber security system with multiple layers of protection spread across computers, networks, and programs. This request provides the various tools needed to build a strong defense to recognize and avoid threats before they’re able to infiltrate our network.

**Request for Mobile Device Manager (MDM) software.** This request adds \$150,000 in each year of the biennium. Mobile device management (MDM) solutions provide organizations with end-to-end security — meaning the mobile apps, network and data used by the mobile device (in addition to the mobile device itself) are managed by an organization's IT department with a single mobile device software product. This is a way to control and secure the personal digital assistants, smartphones, tablets and laptops that employees use. With technology becoming more accessible, allowing employees to conduct business anytime and anywhere, it is important to have controls in place to prevent malicious activity on mobile devices. MDM allows mobile devices that are used for State business to be managed to ensure devices are kept up to date, patched and could be wiped in the event the device is lost or stolen.

HB2, HD1  
TESTIMONY OF DOUGLAS MURDOCK  
COMMITTEE ON LEGISLATIVE MANAGEMENT  
HEARING: FEBRUARY 13, 2019  
PAGE 3

Thank you for this opportunity to provide testimony on this bill.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
BONNIE KAHAKUI  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII**  
**STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE ON  
LEGISLATIVE MANAGEMENT

Wednesday, February 13, 2019, 2 p.m.

HB1432  
RELATING TO THE BUDGET OF THE  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Chair Cullen, Vice-Chair Nakashima, and members of the committee, thank you for the opportunity to submit testimony on HB1432. The State Procurement Office (SPO) supports the intent of the bill and offers strong support for Program AGS244: The State Surplus Program.

***Statutory Basis***

Section 103D-1101, HRS, State agency for surplus property: The State Agency for Surplus Property (SASP), established within the Department of Accounting and General Services (DAGS) State Procurement Office (SPO), shall be the state agency for federal and state surplus personal property. The administrator of the state procurement office shall appoint and prescribe the duties of a surplus property director and other personnel.

Section 103D-1107, HRS, Revolving fund: The revolving fund shall be in the state treasury, a surplus federal property revolving fund and maintained in an amount adequate to defray the costs of procuring, storing, handling, and disposing of surplus property donated to the State under any federal act or rules adopted by the Procurement Policy Board, making surplus federal and state property available.

***Mission and Goals***

- Managing the disposal of state and federal property through equitable redistribution to eligible customers (state and local governments (tax-supported entities), eligible non-profits) or public sale to maximize transparency and asset value.
- Reusing surplus property rather than buying new, saves tax dollars by extending the life of the property.

The goals of the State Agency for Surplus Property for FY19 are:

- To maximize acquisition and fair and equitable distribution of Federal/State surplus property at the least possible cost to eligible donees. Emphasis is placed on the cost-effective utilization of surplus property by state and local agencies.
- To increase participation of donees.
- To decrease cost transitioning to digital invoicing.

For additional information, please refer to Attachment 1-AGS244 Goals and Objectives for 2019.

### ***General Program Description***

The State agency for surplus property was established in HRS Section 103D-1103. Statutorily mandated duties include the following:

In accordance with Public Law 94-519, Federal surplus property generated locally is physically inspected and requested through applications filed with the U.S. General Services Administration. Property allocated to the State is selected, transported, checked, and warehoused by agency personnel for distribution to eligible donees. A self-service system enables local donees to view and take immediate delivery of property selected. Neighbor island requests are filled, packed, and shipped via barge. Based on formal or verbal notices of State disposal, desirable items are physically inspected to determine suitability for further utilization or disposal by public sale. All property selected are transported, checked, and warehoused by agency personnel for distribution. Potential State user agencies are advised of the availability of desirable property. Items selected for re-utilization are transferred to the user agency for a nominal service and handling charge.

### ***Composition***

AGS 244: State Agency for Surplus Property (SASP)

The program coordinates the transfer of State surplus property and Federal surplus property available through the Federal Surplus Property program to eligible "donees" (state/local government, non-profit organizations that serve or promote a public purpose, qualified small minority-owned businesses, tax-exempt educational and public health institutions or organizations).

To achieve the greatest economical use of State and Federal property declared surplus, the program provides a viable source of surplus goods for re-utilization.

The SASP programs are comprised of the following:

- Federal Surplus Personal Property Donation Program
- State Property Disposal Program

**Budget Ceiling**

		Act 053/2018								
Prog ID	Program Title	MOF	Perm	Temp	Personal	Other Current		Motor	Current	FY 19
			Pos	Pos	Services	Expenses	Equipment	Vehicles	Leases	Appn
AGS-244	Surplus Property Management	W	5.00	0.00	\$ 344,688	\$ 103,561	\$ -	\$ 1,400,000	\$ -	\$ 1,848,249

		Base Budget Adjustments									
		Act 053/2018		ADD			LESS		Adjusted Base Ceiling		
Prog ID	Program Title	MOF	FY 19	CB		Other	Non-recurring				
			Appn	FY20	FY21	FY20	FY20	FY21	FY20	FY21	
AGS-244	Surplus Property Management	W	1,848,249	17,546	18,878				1,865,795	1,867,127	

For additional information, please refer to Attachment 2 – Operating and Capital Expenditures, Report on Non-General Fund Information

**Position Types**

PROGRAM ID / TITLE / POSITION TYPE / POSITION TITLE	FY19
AGS244 SURPLUS PROPERTY MANAGEMENT	5.00
ADMIN SUPPORT	2.00
ACCOUNT CLERK III	1.00
OFFICE ASSISTANT IV	1.00
HEAVY TRUCK DRIVER	1.00
HEAVY TRUCK DRIVER	1.00
SPECIALIST	2.00
PROCUREMENT & SUPPLY SPCLT III	1.00
SURPLUS PROPERTY SPECIALIST	1.00

For additional information, please refer to Attachment 3 – Surplus Organizational Chart

**Initiatives and Projects**

1. Surplus On-line Auction:

Surplus launched the online Public Auction to dispose of non-transferable vintage State surplus property and the Voluntarily Abandoned Property (VAP) from the Federal Transportation Security Administration (TSA) to reduce storage costs, landfill disposal costs and create a new source of revenue for the State. The new system provides a fair system that allows the public to competitively bid on items that the State has no further use.

2. Building/Shed Refurbishment:

Surplus uses the outdoor shed to house federal surplus property. Central Services has determined the Surplus outdoor shed is rusted, leaking and could pose a danger with high winds. Surplus and Central Services are working together to combine monies to reconstruct a safe, working, lockable outdoor shed.

Pursuant to Federal Regulation: Title 41/Subtitle C/Chapter 102/Subchapter B/Part 102-37/Subpart D/§102-37.245: "To safeguard surplus property in your custody, you must provide adequate protection of property in your custody, including protection against the hazards of fire, theft, vandalism, and weather."

Central Services has estimated this refurbishment at \$400,000. They will be funding \$150,000 and the remainder will be coming out of the Surplus Reserve fund. Currently, the Reserve Fund balance is \$412,000. Per the Surplus Federal Operating Agreement, Surplus must keep one year's worth of operating expenses in the reserve which is estimated at \$278,779. The remainder will go towards paying for the refurbishment of the outdoor shed.

3. Transition to Digital Invoicing:

Surplus successfully transitioned to a fully digital invoicing process, which realized savings on time, paper, and postage. Digital forms were efficiently completed, saved as a pdf, and emailed to donees.

***Significant Issues***

A number of factors dominating Federal/State program operations include the unpredictable generation of surplus property by types, quantity, and condition; new Federal legislation; changing Federal/State disposal regulations and re- utilization policies; specific donee requirements; and seasonal trends in donee participation; federal government shutdown, and the economic and its impact on the budgets of government agencies and other donees.

***Budget Requests for the FB2019-21 Budget***

The operating budget for Surplus (AGS244) is in HB 1432, and includes the following:

- Collective bargaining for FY20: \$17,546
- Collective bargaining for FY21: \$18,878

Thank you.

# Attachment 1

## DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES ANNUAL REPORT ON GOALS, OBJECTIVES AND POLICIES

January 2019

Program ID / Title: AGS 244/Surplus Property Management

Contact Person/Phone: Sarah Allen/587-4700

### I. Goals

To effectively and efficiently provide customers (donees) with surplus property items, and continue to be fiscally solvent with revenues equaling or exceeding expenditures.

### II. Objectives and Policies

- A. Intensifying training available to eligible and participating donees to enable interaction with the entire spectrum of program features and to improve donee probability of obtaining needed items.
- B. Maintain financial viability through increasing promotion on use of the utilization and donation programs by enhancing promotion and marketing of the surplus property program to enable Donees to benefit from the varied surplus property available to them at significantly reduced prices.
- C. Streamline processes and improve operational efficiencies and compliance with regards to the State Plan of Operation for the Federal Surplus Property Donation Program.

### III. Action Plan with Timetable

- A. Intensifying training available to eligible and participating donees to enable interaction with the entire spectrum of program features and to improve donee probability of obtaining needed items.
  - 1. Past Year Accomplishments
    - a. Eligible donees require access to GSAXcess for property screening. Surplus designated customers with National Utilization Officer permission levels in GSAXcess and created new, individual donee accounts and added the users.
  - 2. Year One
    - a. Promote Surplus Property Program to all local and outer island government agency.



3. Two Years
    - a. Continue to scan business environments for promoting Surplus to potential donees.
  4. Five Years
    - a. Increase contributions to zero-waste or other sustainability initiatives. Multiple methods redistribution, resale, and disposal help divert waste from landfills and extend the useful life of assets.
- B. Maintain financial viability through increasing promotion on use of the utilization and donation programs by enhancing promotion and marketing of the surplus property program to enable Donees to benefit from the varied surplus property available to them at significantly reduced prices.
1. Past Year Accomplishments
    - a. FY 2018 - Acquisition Cost of Surplus Property Transferred to Donees is \$2.4 Million.
    - b. FY 2018 - Service & Handling fee of Surplus Property Transferred to Donees is \$229,000.
    - c. Participated in the GSA Public Auction to sell Federal non-transferable vintage surplus property.
  2. One Year
    - a. Continue to maintain and update webpage information.
    - b. Monitor and adjust the program's website to improve customer satisfaction.
  3. Two Years
    - a. Promote new internet auction platforms.
  4. Five Years
    - a. Extend the useful life of assets and generate revenue with multiple methods of disposal including counter sales, online auction, and web surplus.
    - b. Monitor and adjust the program's website to improve customer satisfaction.
- C. Streamline processes and improve operational efficiencies and compliance with regards to the State Plan of Operation for the Federal Surplus Property Donation Program.
1. Past Year Accomplishments

- a. Eliminated old items from warehouse that were not being purchased because they were broken or out-of-date.
- b. We are continuing to improve our system and have established procedures to turnover Federal surplus property within 2 years to keep our inventory current.

2. One Year

- a. Update State Plan of Operation
- b. Continue to work on supplying program information on our website.

3. Two Years

- a. Continue website updates including any new information relevant to donees.

4. Five Years

- a. Automating workflow processes for managing surplus property from acquisition through redistribution, sale, or disposal.

IV. Performance Measures

- A. Customer Satisfaction measure - Perform trend analyses on the customer base of the Surplus Property Management program to include number of participating donees and percentage of participating donees.
- B. Performance Standard measure - Perform trend analysis on distribution of surplus property to donees.
- C. Cost Effectiveness measure - Perform long term and comprehensive trend analyses annually of the financial net gain or loss of the Surplus Property Management program.

OPERATING AND CAPITAL EXPENDITURES

PROGRAM ID: AGS244  
 PROGRAM STRUCTURE NO: 11030902  
 PROGRAM TITLE: SURPLUS PROPERTY MANAGEMENT

PROGRAM EXPENDITURES	IN DOLLARS					IN THOUSANDS				
	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25		
OPERATING COST	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*		
PERSONAL SERVICES	0.00**	0.00**	0.00**	0.00**	0.00**	0.00**	0.00**	0.00**		
OTHER CURRENT EXPENSES	174,340	344,688	362,234	363,666	364	364	364	364		
MOTOR VEHICLES	17,957	103,561	103,561	103,561	103	103	103	103		
		1,400,000	1,400,000	1,400,000	1,400	1,400	1,400	1,400		
TOTAL OPERATING COST	192,297	1,848,249	1,865,795	1,867,127	1,867	1,867	1,867	1,867		
BY MEANS OF FINANCING										
REVOLVING FUND	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*		
	**	**	**	**	**	**	**	**		
	192,297	1,848,249	1,865,795	1,867,127	1,867	1,867	1,867	1,867		
TOTAL PERM POSITIONS	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*	5.00*		
TOTAL TEMP POSITIONS	**	**	**	**	**	**	**	**		
TOTAL PROGRAM COST	192,297	1,848,249	1,865,795	1,867,127	1,867	1,867	1,867	1,867		

## Attachment 2B

### Report on Non-General Fund Information for Submittal to the 2019 Legislature

.....  
 Department: Accounting and General Services  
 Prog ID(s): AGS-244  
 Name of Fund: Surplus Federal Property Revolving Fund  
 Legal Authority: Section 103D-1107, HRS

Contact Name: Mei Phillips  
 Phone: 831-6757  
 Fund type (MOF): Revolving Fund (W)  
 Appropriation Acct. No.: S-XX-304-M

**Intended Purpose:**

The objective of the program is to reutilize federal and state property declared surplus or excess. The fund is maintained in an amount adequate to defray the costs of procuring, storing, handling, and disposing of surplus property donated to the State under any federal act or State rules making surplus federal and state property available.

Source of Revenues: Service and handling fees are charged for acquired property based on the acquisition cost or fair market value of the donated or transferred property. For vehicles acquired from the federal government, a fixed fee is charged.

**Current Program Activities/Allowable Expenses:**

Funds are used for all costs (payroll and operating expenses) to support the program.

Purpose of Proposed Ceiling Adjustment (if applicable): Not Applicable

Variances: In FY 2015-2018, there was less federal property available and less federal vehicles available for purchase. The high ceiling is necessary to accommodate years when property and vehicles are plentiful and state and county agencies have need for used vehicles.

Financial Data							
	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	(actual)	(actual)	(actual)	(actual)	(estimated)	(estimated)	(estimated)
Appropriation Ceiling	1,798,996	1,826,464	1,836,624	1,848,249	1,848,249	1,865,795	1,867,127
Beginning Cash Balance	257,000	217,562	211,942	289,975	399,508	399,508	399,508
Revenues	905,550	620,516	261,243	304,312	1,848,249	1,848,249	1,848,249
Expenditures	944,988	626,136	183,210	194,779	1,848,249	1,848,249	1,848,249
<b>Transfers</b>							
List each net transfer in/out/ or projection in/out; list each account number							
Net Total Transfers	0	0	0	0	0	0	0
Ending Cash Balance	217,562	211,942	289,975	399,508	399,508	399,508	399,508
Encumbrances	1,324	24,096	2,481				
Unencumbered Cash Balance	216,238	187,846	287,494	399,508	399,508	399,508	399,508

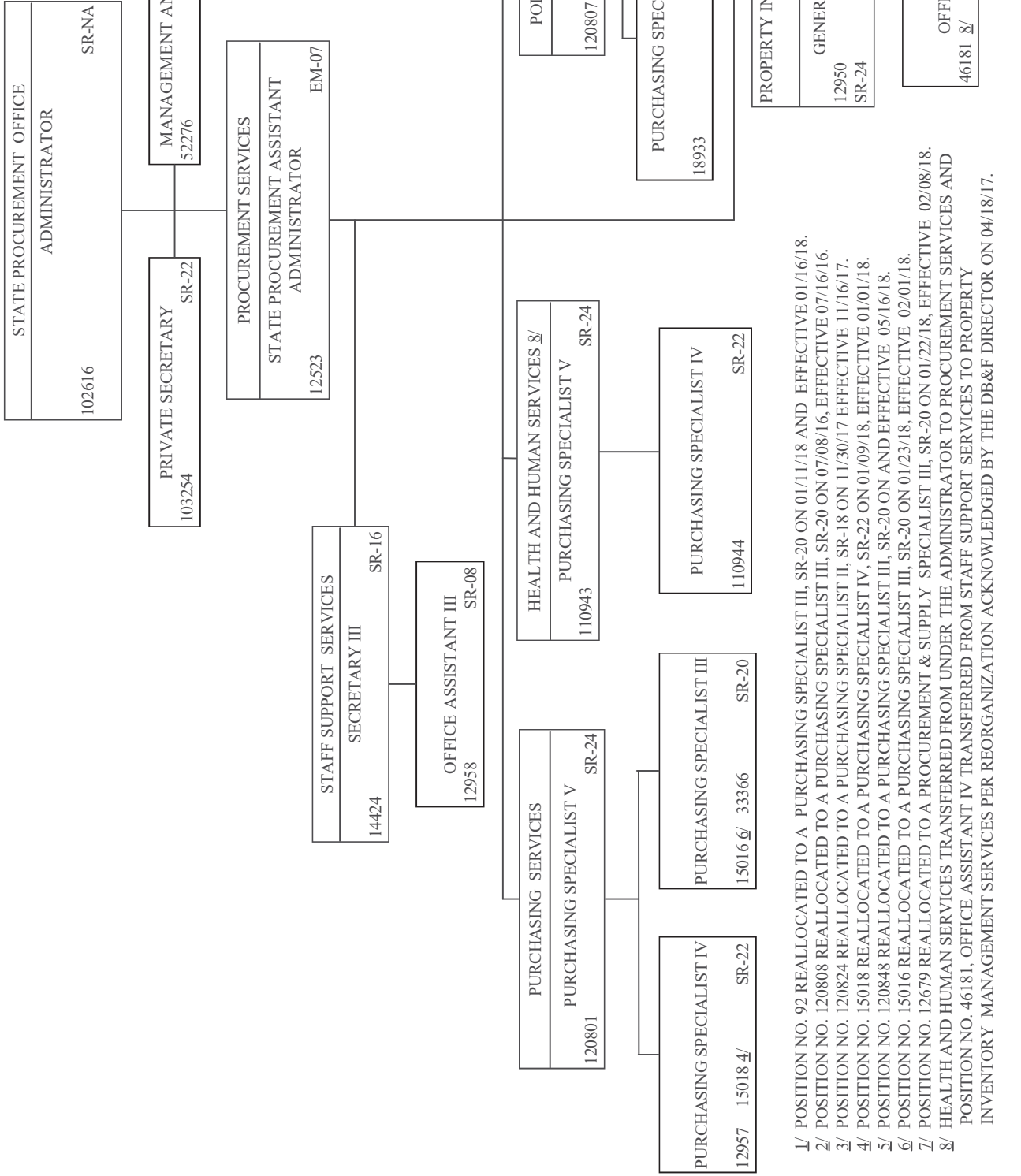
**Additional Information:**

Amount Req. for Bond Covenants							
Amount from Bond Proceeds							
Amount Held in CODs, Escrow Accounts, or Other Investments							

**Attachment 3**

STATE OF HAWAII  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
STATE PROCUREMENT OFFICE

POSITION ORGANIZATION CHART



1/ POSITION NO. 92 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON 01/11/18 AND EFFECTIVE 01/16/18.  
 2/ POSITION NO. 120808 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON 07/08/16, EFFECTIVE 07/16/16.  
 3/ POSITION NO. 120824 REALLOCATED TO A PURCHASING SPECIALIST II, SR-18 ON 11/30/17 EFFECTIVE 11/16/17.  
 4/ POSITION NO. 15018 REALLOCATED TO A PURCHASING SPECIALIST IV, SR-22 ON 01/09/18, EFFECTIVE 01/01/18.  
 5/ POSITION NO. 120848 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON AND EFFECTIVE 05/16/18.  
 6/ POSITION NO. 15016 REALLOCATED TO A PURCHASING SPECIALIST III, SR-20 ON 01/23/18, EFFECTIVE 02/01/18.  
 7/ POSITION NO. 12679 REALLOCATED TO A PROCUREMENT & SUPPLY SPECIALIST III, SR-20 ON 01/22/18, EFFECTIVE 02/08/18.  
 8/ HEALTH AND HUMAN SERVICES TRANSFERRED FROM UNDER THE ADMINISTRATOR TO PROCUREMENT SERVICES AND POSITION NO. 46181, OFFICE ASSISTANT IV TRANSFERRED FROM STAFF SUPPORT SERVICES TO PROPERTY INVENTORY MANAGEMENT SERVICES PER REORGANIZATION ACKNOWLEDGED BY THE DB&F DIRECTOR ON 04/18/17.

DAVID Y. IGE  
GOVERNOR



CURT T. OTAGURO  
COMPTROLLER  
AUDREY HIDANO  
DEPUTY COMPTROLLER

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**

P.O. BOX 119, HONOLULU, HAWAII 96810-0119

TESTIMONY OF  
CURT T. OTAGURO  
COMPTROLLER, DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
BEFORE THE  
HOUSE COMMITTEE ON LEGISLATIVE MANAGEMENT  
ON  
FEBRUARY 13, 2019, 2:00 P.M.  
CONFERENCE ROOM 312, STATE CAPITOL

H.B. 1426, RELATING TO THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
H.B. 1432, RELATING TO THE BUDGET OF THE DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Chair Cullen, Vice Chair Nakashima, and Members of the Committee, thank you for the opportunity to testify before you on H.B. 1426 and H.B. 1432.

The Department of Accounting and General Services (DAGS or Department) is in support of H.B. 1426 which establishes additional amounts and positions to be appropriated and authorized for the Department's fiscal biennium (FB) 2019-2021 operating budget in Part I of the measure, and funding for Capital Improvement Projects (CIP) in Part II. The Department supports the intent of H.B. 1432 to reflect the Department's resource requirements by establishing the operating budget of the programs under review for FB 2019-2021 and offers comments.

**OVERVIEW OF DAGS**

The mission of the Department is to attain maximum value for the state taxpayers in providing physical, financial, and technical infrastructure support for state departments and agencies, so they may accomplish their missions. The Department's goal is to strive for quality

and consistency in the delivery of essential support services and our activities reflect a continuing commitment towards cost efficiency, productivity, relevancy and timeliness of services.

DAGS programs under the purview of this committee include:

- AGS-102 Expenditure Examination
- AGS-111 Archives-Records Management
- **AGS-130 Enterprise Technology Services - Governance and Innovation**
- **AGS-131 Enterprise Technology Services - Operations and Infrastructure Maintenance**
- AGS-221 Public Works-Planning, Design, and Construction
- AGS-223 Office Leasing
- AGS-231 Central Services -Custodial Services
- AGS-232 Central Services-Grounds Maintenance
- AGS-233 Central Services-Building Repairs and Alteration
- **AGS-244 Surplus Property Management**
- AGS-252 Automotive Management - Parking Control
- **AGS-889 Spectator Events & Shows-Aloha Stadium**

The following provides details for the capital improvement projects under review by this committee, with these exceptions: Enterprise Technology Services (ETS) programs (AGS 130 and AGS 131) and attached agencies, Spectator Events and Show – Aloha Stadium (AGS 889) and Surplus Property Management (AGS 244), will submit testimony separately for your consideration.

#### **H.B. 1426**

The Department supports this measure as it proposes to fund the operating requests and capital improvement projects as requested in the Governor’s executive biennium budget for the select programs under review by the committee.

**A. Budget Requests – Operating:**

<u>Prog ID</u>	<u>Description of Addition</u>	<u>MOF</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>
AGS102	Conversion of 1.00 Temporary Position to Permanent	A	1.00	(1.00)	\$ -	1.00	(1.00)	\$ -
<p>Two permanent positions authorized in Act 124, SLH 2016 with 6 months funding, for additional support for the Expenditure Examination program, were approved for full funding in Act 53, SLH 2018; however, both positions were also converted from Permanent to Temporary status. One of the positions was filled as of April 2017, while still a permanent position as authorized. This request is to convert the position back to permanent status from temporary as this position is a critical resource needed to meet ongoing operational needs of Central Payroll and provide support due to the increased complexity of collective bargaining agreements, federal and state reporting requirements, and statewide training requirements, as well as to implement and support new systems. The position performs functions that are permanent in nature.</p>								
			FY20			FY21		
<u>Prog ID</u>	<u>Description of Addition</u>	<u>MOF</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>	<u>Pos (P)</u>	<u>Pos (T)</u>	<u>\$\$\$</u>
AGS111	Add 1.00 permanent Office Assistant and Additional Operating Funds	A	1.00	-	\$ 92,240	1.00	-	\$ 107,940
<p>Personnel - The State Archives is requesting one additional FTE position due to increased utilization of the Public Research Room and State Archives' Services; increase in service requests has pushed the turnaround time from a target 7-10 days out to 6-8 weeks, with up to three months in the case of large orders. Other Current Expenses - funds for a contracted security guard to provide monitoring of the public research room and security cameras. This will provide a level of security corresponding to the importance of the items stored in the State Archives, reduce theft in the Public Research Room, and ensure that research room protocols are enforced. Funds are also requested for a) document shredding; insufficient funds has resulted the periodic annual deferral of destruction of eligible boxes, resulting in a multi-year backlogs that has greatly reduced capacity for incoming boxes, and b) specialty archival supplies for the rehousing of archival photographs and records.</p>								
AGS111	Add Funds for IT Services	B	-	-	\$ 200,000	-	-	\$ -
<p>The Digital Archives is moving into production and is requesting a \$200,000 one-time expenditure authority for testing and rollout of the Digital Archives preservation system. As the system has the responsibility of preserving digital records of enduring legal, historical and fiscal value in an authentic state in perpetuity, it is essential that the system function as designed to international standards. Having a set of outside analysts review, comment and improve the system is an important part of ensuring the highest quality product we can produce.</p>								
AGS233	Eliminate Interdepartmental Transfer "U" Fund for AAFES Building Maintenance	U	-	-	\$ (100,000)	-	-	\$ (100,000)
<p>With the AAFES building turned over to OHA, the fund which had set aside \$100,000 for yearly maintenance of the building is no longer necessary.</p>								



Prog ID	Description of Addition	MOF	FY20			FY21		
			Pos (P)	Pos (T)	\$\$\$	Pos (P)	Pos (T)	\$\$\$
AGS231	Add one Building Manager Position and Funds	A	1.00	-	\$ 26,478	1.00	-	\$ 52,956
<p>Currently 3 Building Managers oversee the servicing of some 70+ state facilities that require building management services that address custodial cleaning services, building machinery problems such as air conditioning, elevator operation etc. State buildings have also been impacted by homeless and vagrants using the buildings as a temporary resting area resulting in health and safety concerns/complaints from building occupants. One additional building manager to our existing three building managers will enable the geographical area to be split more equitably and increase efficiency and response time to building occupant concerns and lead to faster resolution to problems.</p>								
AGS232	Add funds for Motor Vehicle Purchase - Replacement of 3/4 ton Refuse Truck	A	-	-	\$ 300,000	-	-	\$ -
<p>The existing refuse truck is 15 years old and has nearly 145,000 miles. The program has only one refuse truck and mechanical breakdowns are occurring more frequently. When the refuse truck is down, the use of private vendors is not a viable option because their existing equipment cannot pickup the state's trash bins. A replacement truck is sought as the truck has exceeded its useful life of 10 years and the program is facing increasing repair costs.</p>								
AGS221	Add 3.00 Permanent Positions and Funding for P3 Staffing and Related Requirements	A	3.00	-	\$ 156,453	3.00	-	\$ 300,906
<p>The request is to provide for three positions and related furnishings and equipment to staff a P3 (public-private partnership) office within the Public Works Division (PWD), Public Works Administrator's office. The requested positions will provide internal staffing to provide assistance to other State departments and agencies for the identification, definition, procurement and oversight of the development of P3 structures and the related contractual arrangements of such public-private partnerships on behalf of the State. Other support will include developing guidelines and related templates, training, and other resource support to other State departments and agencies. As many of these projects will include a planning, design, and construction component to the overall structure of these arrangements, this function is expected to closely coordinate their efforts with the existing Planning, Project Management, Construction Management and Leasing branches within PWD.</p>								

**B. Budget Requests – CIP:**

<u>Prog ID</u>	<u>Project Title</u>	<u>MOF</u>	<u>FY20 \$\$\$ (000)</u>	<u>FY21 \$\$\$ (000)</u>
AGS111	KEKAULUOHI HALON REPLACEMENT, OAHU	C	\$ 650	\$ -
AGS111	KEKAULUOHI BACKUP GENERATOR, OAHU	C	\$ 500	\$ -
AGS130	KALANIMOKU DATA CENTER UPS REPLACEMENT AND UPGRADE ELECTRICAL CIRCUIT PANEL, OAHU	C	\$ 1,800	\$ -
AGS130	ETS CYBERSECURITY CAPABILITY ENHANCEMENTS, OAHU	C	\$ 3,000	\$ 218
AGS131	LUMP SUM HEALTH AND SAFETY, INFORMATION AND COMMUNICATION SERVICES DIVISION, STATEWIDE	C	\$ 4,650	\$ 6,000
AGS131	RADIO SYSTEM ENHANCEMENT, STATEWIDE	C	\$ 365	\$ -
AGS221	LUMP SUM MAINTENANCE OF EXISTING FACILITIES, PUBLIC WORKS DIVISION, STATEWIDE	C	\$30,000	\$ -
AGS221	STATE CAPITOL BUILDING, OAHU	C	\$ 1,480	\$ -
AGS221	WASHINGTON PLACE, HEALTH AND SAFETY AND QUEEN'S GALLERY RENOVATION, OAHU	C	\$ 100	\$ 2,000
AGS233	LUMP SUM FIRE ALARM SYSTEMS REPLACEMENT & UPGRADE,	C	\$ 300	\$ 2,000
AGS881	No.1 CAPITOL DISTRICT BUILDING, SITE & ACCESSIBILITY IMPROVEMENTS, OAHU	B	\$ -	\$ 1,200
AGS889	LUMP SUM HEALTH AND SAFETY, ALOHA STADIUM, OAHU	C	\$20,000	\$10,000
<b>TOTAL REQUEST</b>			<b>\$62,845</b>	<b>\$21,418</b>

1. AGS111 - ARCHIVES-RECORDS MANAGEMENT

Adds \$650,000 in FY 20 for replacement of the Kekauluohi Building's Halon Fire Suppression System, Oahu.

Design, Construction, and Equipment to replace the Halon Gas Fire Suppression system with non-ozone depleting gas (FM-200 or equivalent). Existing fire detection/control system (control panel, smoke detectors, and tank ignitors) have already been upgraded in 2018 to be compatible with the new system. The current fire suppression system in the State Archives Vault uses Halon 1301 agent that has been banned from manufacturers since 1994 as a known ozone depletant. Alternative to replacing the current system is recharging the current Halon tanks with more halon, which would cost more than replacing the entire system with a more modern, safer alternative and require removing the tanks and shipping them by boat to California for recharge and shipping them back, maintaining a 24-hour fire watch in the interim. If the system deploys, recharging the fire suppression system will be extremely difficult as the remaining Halon 1301 agent is extraordinarily expensive if it can be found at all. Improvement to include relocating the tanks to a centralized location that provides access that does not require dismantling shelving to access tanks.

## 2. AGS111 - ARCHIVES-RECORDS MANAGEMENT

Adds \$500,000 in FY 20 for a backup generator for the Kekauluohi Building, Oahu.

The scope of the project is to add a backup generator into the existing ATS that was added in 2018 as part of the State Archives Chiller upgrade to provide continued operation of the environmental controls of Archival Storage during power outages at the State Archives. Currently, there is no redundant power options available at the State Archives. If power is out for more than a day or two, mold bloom on very important legal and historic records are a real and present possibility. Once mold starts, cleanup becomes a health hazard, a public records access issue (denial of access) and very expensive long-term treatment. An ATS power transfer unit was added with the 2018 chiller upgrade to the Archival Storage Environmental controls, but to utilize this alternate means of providing power would require bringing in a generator from a third-party contractor. Secondary power source will ensure continued environmental control over the most important legal and historic records in Hawaii Government in the event of an extended natural disaster.

## 3. AGS221 - PUBLIC WORKS-PLANNING, DESIGN, AND CONSTRUCTION

Adds \$100,000 in FY 20 and \$2,000,000 in FY 21 for Washington Place, Health and Safety and Queen's Gallery Renovation, Oahu.

Project includes lead-based paint abatement/encapsulation, building code requirements (structural, electrical, plumbing, ventilation, and building envelope), and ADAAG requirements for primary access routes. Due to the broad nature of this project, associated and integral to this work is renovation for building preservation with the retention of existing historic material.

Washington Place, a prime representation of American Greek revival style, is historically highly significant in Hawaii's history as "Beretania," the site of early British settlement in Hawaii; later as the home of Queen Liliuokalani and home of the Governors of Hawaii since 1919. It is the oldest home in Hawaii that was still in use as a residence up to 2002 and one of the oldest and most historically valuable Governor's mansions in the United States. Certain elements are believed to be the finest examples of 1840's American architectural detailing in existence. Washington Place is listed in the National and State Historic Registries and received recognition as a registered National Landmark in 2007.

The primary goal in the renovation is to perpetuate the public benefit and safe enjoyment of Washington Place through its preservation, with the retention of existing historic material.

4. AGS221 - PUBLIC WORKS-PLANNING, DESIGN, AND CONSTRUCTION

Adds \$1,480,000 in FY 20 for repairs to the State Capitol Building, Oahu.

Work will include critical health and safety and/or operational improvements essential to the safe, effective, and efficient operation of this historic facility to meet its unique function. Projects may include, but not be limited to, elevator upgrades, HVAC system upgrades, and structural renovation or upgrades.

The Hawaii State Capitol is approaching the 50<sup>th</sup> anniversary of its original construction and work must continue to provide critical health and safety renovations and upgrades to ensure safe, effective, and efficient operation of this historic facility to meet its unique function.

5. AGS221 - PUBLIC WORKS-PLANNING, DESIGN, AND CONSTRUCTION

Adds \$30,000,000 in FY 20 for Lump Sum Maintenance of Existing Facilities, Statewide.

Building systems and sites will receive necessary major upgrades and maintenance that is required to protect our facilities and occupants from damage or injury due to deteriorated conditions. Repair/upgrade will be more comprehensive than would be possible under routine maintenance and will help allay larger costs to address future failure if nothing is done. Future maintenance costs to repair items such as air conditioning systems, large potholes, leaking roofs and leaking fire sprinkler pipes in public facilities will be eliminated for those facilities that receive work. These projects will reduce the State's exposure to lawsuits and their associated costs and required manpower requirements.

These construction projects are essential to maintain DAGS-managed public facilities. The operational life span of many of our building systems has long-passed, and costs continue to escalate to maintain the obsolete systems. Failure of obsolete systems that are beyond repair pose health and safety risks for facility occupants. Urgent health and safety and mandated needs are included in this lump sum fund. This project will also ensure that those systems that are not being immediately replaced or upgraded will continue to function. Just as importantly, this project will be the stepping stone to allowing DAGS to proactively properly maintain all systems to protect our asset inventory.

6. AGS233 - CENTRAL SERVICES-BUILDING REPAIRS AND ALTERATIONS

Adds \$300,000 in FY 20 and \$2,000,000 in FY 21 for Lump Sum Fire Alarm Systems Replacement and Upgrade, Statewide.

Fire alarm system upgrades initially completed in select areas of buildings during partial renovation work would be completed for the remainder of the buildings. This provides more complete, effective coverage for the building to protect life and property.

Work is required to meet requirements as established by County Fire Departments during review and approval of building permits for State facility renovations. If work is not completed within established deadlines, fire alarm system permits for completed renovation may be revoked. The alternative may be to ask for time extensions to complete the upgrades, however, the State risks reduced performance of building-wide fire alarm systems in the interim.

#### **H.B. 1432**

The Department supports the intent of this measure to establish the operating budget of the FB 2019-2021 operating budget for the programs under review by the committee.

Pursuant to Section 26-6(b), HRS, the department shall (6) Undertake the program of centralized engineering and office leasing services, including operation and maintenance and lease buyback processing pursuant to subsection (d) of public buildings, for departments of the State.

- The **Public Works Division** supports the mission of the department by directing the expenditure of Capital Improvement Program (CIP) funds and operating funds released to the Department for projects specific to the Department's managed facilities and for CIP funds delegated to the Department as expending agency from the appropriations of other departments and agencies; plans, coordinates, organizes, directs, and controls a Statewide program of Engineering, Architectural, and Construction Services.
- The **Leasing Services Branch** was established pursuant to HRS, section 171-30 (b) in order to centralize office leasing services for all State agencies of the Executive Branch, with the exception of those programs who have statutory authority to perform this function on their own. The program assists user agencies in locating suitable office space, negotiates lease terms and conditions, including provisions for tenant improvements, and prepares lease agreements. The program staff act as tenant representatives by initiating and/or coordinating and managing necessary renovation projects for leased office space, monitoring and ensuring the delivery of proper services by landlord as provided in the lease, (i.e. repairs and maintenance, air conditioning, custodial services) and coordinating with the DAGS Central

Services Division in providing building operations and maintenance services where applicable. The program tracks existing office leases and renegotiates each as required. It processes invoices for lease payments and bills and collects lease rent reimbursements from user agencies, where applicable.

- The Public **Building Repair and Alterations Branch** operates to provide safe and functional facilities for other State Programs to operate and perform their duties. It provides for the overall management of repair and maintenance and a preventative maintenance program for all assigned State office buildings located in the civic center and outlying areas of Oahu; it also has agreements with the Department of Agriculture, Department of Health, Department of Human Services, Department of Transportation and the Hawaii State Public Library System to provide repair and maintenance support. The program also provides overall engineering support in identifying and implementing energy conservation measures.

Chapter 107-11 HRS authorizes the Department to construct, operate, maintain, and control parking on state lands under the State Comptroller's jurisdiction. The Automotive Management Parking Control program's functions include the following:

- Provide safe and convenient parking for employees and the public to access government buildings.
- Control, operate and maintain parking facilities with revenue from parking fees. Continue to generate revolving fund revenue necessary to construct, operate, improve and maintain parking facilities.
- Maintain a 100% utilization of employee parking stalls and 50% utilization of public parking meters.

We propose the following adjusted base operating budgets from which to consider any additional resources; this is the base budget as appropriated in Act 53, SLH 2018, plus base budget adjustments as provided by the Department of Budget and Finance (collective bargaining and non-recurring items):

PROGRAM APPROPRIATIONS

ITEM NO.	PROG. ID	PROGRAM	EXPENDING AGENCY	APPROPRIATIONS			
				FISCAL YEAR 2019-2020	M O F	FISCAL YEAR 2020-2021	M O F
3.	AGS221	PUBLIC WORKS - PLANNING, DESIGN, AND CONSTRUCTION		91.00*		91.00*	
				3.00#		3.00#	
	OPERATING		AGS	7,150,251A		7,150,251A	
			AGS	4,000,000W		4,000,000W	
4.	AGS223	OFFICE LEASING		4.00*		4.00*	
	OPERATING		AGS	10,141,167A		10,141,167A	
			AGS	5,500,000U		5,500,000U	
5.	AGS233	CENTRAL SERVICES - BUILDING REPAIRS AND ALTERATIONS		33.00*		33.00*	
	OPERATING		AGS	3,365,285A		3,390,498A	
			AGS	100,000U		100,000U	
7.	AGS252	AUTOMOTIVE MANAGEMENT - PARKING CONTROL		27.00*		27.00*	
	OPERATING		AGS	3,838,016W		3,838,856W	

Thank you for the opportunity to submit testimony for funding at appropriate levels to facilitate our ability to fulfil our mission and we look forward to continued collaboration with your committee.

**DAVID Y. IGE**  
GOVERNOR

**CURT T. OTAGURO**  
COMPTROLLER



*An Agency of the State of Hawaii*

**ROSS I. YAMASAKI**  
CHAIRMAN, STADIUM AUTHORITY

**SCOTT L. CHAN**  
MANAGER

**RYAN G. ANDREWS**  
DEPUTY MANAGER

TESTIMONY  
OF  
SCOTT L. CHAN, MANAGER  
ALOHA STADIUM  
STADIUM AUTHORITY  
TO THE  
HOUSE COMMITTEE  
ON  
LEGISLATIVE MANAGEMENT  
February 13, 2019

H.B. 1432

RELATING TO THE BUDGET OF THE  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES

Chair Cullen, Vice Chair Nakashima, and members of the committee, thank you for the opportunity to submit testimony in support of H.B. 1432.

The Stadium Authority Board and I appreciate the Legislature's commitment and support in appropriating sufficient special fund ceiling to ensure costs associated with operating a large scale facility are addressed in an efficient and effective manner.

As a fully special funded agency, the Aloha Stadium requires the proposed special fund ceiling in order to operate in as seamless a manner as possible and to provide a safe and secure venue for the general public to utilize as a participant or spectator. Operating expenses necessary to provide a safe venue include, but are not limited to, personal services, utilities, general repair and maintenance, materials and supplies, and various other current expenses required on a daily basis.

Respectively, the following position FTE and operational funding level is required in each year of the biennium:

- FY 2020: (36.50 FTE) / \$9,297,877B;
- FY 2021: (36.50 FTE) / \$9,315,701B,



This request aligns with and does not vary from the Governor's executive budget as presented in H.B. 964 and S.B. 126, Relating to the State Budget. We continue to prioritize expenses with the health and safety of the general public being paramount.

As the Aloha Stadium is entrusted with continuing to serve the needs of the general public, it is imperative that the Aloha Stadium's funding ceiling be appropriated for the biennium.

We look forward to working with the Legislature and the Governor's Administration to address the goals, objectives, and mission statement of the Stadium Authority.

Thank you for the opportunity to provide this testimony in support of H.B. 1432.